

NATNav Limited
Financial statements for the year ended 31 March 2005



Company Number: 4164590

Report of the directors

The directors present their report and audited accounts for the year ended 31 March 2005.

Principal activities and business review

The company is a member of the European Economic Interest Grouping (EEIG) which aims to act as a European Satellite Services Provider (ESSP). The company, as a member of the EEIG, is required to contribute €61,473 in the year to 31 December 2005 (2004 - €187,377). The company has no employees or land and buildings.

The company's parent undertaking has agreed to provide such support as is necessary to enable NATSNav Limited to continue trading and to meet its liabilities as they fall due for a period of not less than 12 months from 30 June 2005.

The directors consider that the year-end financial position was satisfactory and that the company is well placed to develop its activities in the foreseeable future.

A full description of the NATS group's principal activities and business review is contained in the accounts of NATS Holdings Limited.

Results and dividends

The results for the period are shown in the profit and loss account on page 4. The Board recommends that no dividend be paid (2004: £nil).

Directors and their interests

The directors of the company who served during the year and to the date of this report are set out below:

Colin Chisholm	(resigned on 31 March 2005)
Paul Barron	(appointed on 26 May 2005)
Peter Finch	
Nigel Fotherby	
Lawrence Hoskins	(appointed on 26 May 2005)
Bill Semple	

None of the directors had any interests in the share capital of the company. None of the directors has, or has had, a material interest in any contract of significance in relation to the company's business.

Directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable accounting standards have been followed; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company, and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the Annual General Meeting.

By order of the Board



Andrew Picton

Secretary
30 June 2005

Registered office
5th Floor South, Brettenham House,
Lancaster Place, London WC2E 7EN

Registered in England and Wales

Company Number: 4164590

Independent auditors' report to the members of NATSNav Limited

We have audited the financial statements of NATSNav Limited for the year ended 31 March 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

The report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in the auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or in the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

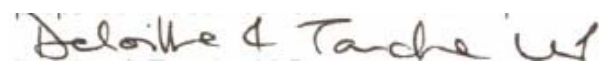
Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2005 and of the loss of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Southampton
30 June 2005

Profit and loss account

for year ended 31 March 2005

	Notes	Year ended 31 March 2005 £	Year ended 31 March 2004 £
Turnover		85,727	133,256
Operating costs			
Other operating charges - external charges		(76,196)	(142,410)
Other operating charges - intra-group	3b	(68,308)	(126,840)
Net operating costs		(144,504)	(269,250)
Operating loss and loss on ordinary activities before taxation		(58,777)	(135,994)
Tax on loss on ordinary activities	4	-	(12)
Loss for the financial year transferred from reserves	8	(58,777)	(136,006)

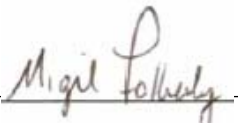
All operations are continuing. There were no recognised gains or losses except as disclosed in the profit and loss account. Accordingly no separate statement of total recognised gains and losses has been provided.

B a l a n c e s h e e t

at 31 March 2005

	Notes	2005 £	2004 £
Current assets			
Debtors: amounts falling due within one year	5	25,725	1
Cash at bank and in hand		41,051	120,808
		<hr/>	<hr/>
		66,776	120,809
Current liabilities			
Creditors: amounts falling due within one year	6	(546,841)	(542,097)
		<hr/>	<hr/>
Net current liabilities		(480,065)	(421,288)
		<hr/>	<hr/>
Total assets less current liabilities		(480,065)	(421,288)
		<hr/>	<hr/>
Net liabilities		(480,065)	(421,288)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account deficit	8	(480,066)	(421,289)
		<hr/>	<hr/>
Equity shareholder's deficit		(480,065)	(421,288)
		<hr/>	<hr/>

The accounts were approved by the Board of directors on 30 June 2005 and signed on their behalf by

 _____ Nigel Fotherby

1 Accounting policies

The principal accounting policies adopted by the company and applied throughout the year are as follows:

a) Basis of accounting

The financial statements are prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards.

b) Turnover

Turnover represents the amounts, excluding VAT, received and receivable in respect of services provided to customers. Turnover is recognised in accordance with contracts. All turnover is derived within the European Union.

c) Foreign currencies

Foreign currency monetary assets and liabilities are translated into sterling at the rates ruling at the balance sheet date. Exchange differences are dealt with through the profit and loss account. Other transactions in foreign currencies are recorded in sterling at the rates ruling at the dates of the transactions or at the contracted rate if the transactions are covered by a forward foreign exchange contract.

2 Reliance on support of parent undertaking

Since the company is reliant upon its parent NATS (Services) Limited for support (in the form of an inter-company loan) its going concern assumption relies upon that of the group. The company has received notification from its parent company that it is willing to continue to provide ongoing financial support to enable the company to trade and meet its obligations as they fall due.

3 Operating costs

a Directors' remuneration

The directors' report on page 1 includes details of the directors of the company. None of these directors received any fees in the year or in the prior year for their services as directors of this company.

b Staff costs

The company has no employees. However, the company has an agreement with the European Satellite Service Provider (ESSP) for the secondment of personnel for which the ESSP pays the company an agreed fee. The income received is included within turnover. The seconded personnel are provided by another group company and the costs are recharged to this company.

c Auditors' remuneration

The auditors' remuneration is borne by another group company.

4 Tax on loss on ordinary activities

a Analysis of charge in year

	Year ended 31 March 2005	Year ended 31 March 2004
	£	£
<i>Current tax:</i>		
UK corporation tax at 30%	-	-
Adjustment for corporation tax in respect of prior years	-	(12)
Total current tax	<u>-</u>	<u>(12)</u>
<i>Deferred tax:</i>		
Origination of timing differences	136,613	-
Deferred tax not recognised	(136,613)	-
Total deferred tax	<u>-</u>	<u>-</u>
Tax (charge) on loss on ordinary activities	<u>-</u>	<u>(12)</u>

b Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £	2004 £
Loss on ordinary activities before tax	<u>(58,777)</u>	<u>(135,994)</u>
Tax on loss on ordinary activities at standard rate in the UK of 30%	(17,633)	(40,798)
Effects of:		
Expenses not deductible for tax purposes	22,859	40,798
Share of European Satellite Service Provider's Losses	(141,839)	-
Deferred tax asset not recognised on losses carried forward	136,613	-
Adjustment for corporation tax in respect of prior years	-	12
Current tax charge for year	<u>-</u>	<u>12</u>

There is a deferred tax asset of £136,613 (2004: nil) that has not been recognised in the accounts as recoverability in the short term is uncertain.

5 Debtors : amounts falling due within one year

	2005 £	2004 £
Prepayments and accrued income	25,724	-
Called up share capital not paid due from parent undertaking	1	1
	<u>25,725</u>	<u>1</u>

6 Creditors: amounts falling due within one year

	2005 £	2004 £
Amounts owed to other group undertakings	546,841	478,533
Accruals and deferred income	-	63,564
	<u>546,841</u>	<u>542,097</u>

7 Called up share capital

	2005 £	2004 £
Authorised		
1 ordinary share of £1	1	1
Called up and allotted		
1 ordinary share of £1	1	1

8 Reconciliation of movements in equity shareholder's deficit

	Share capital £	Profit and loss £	Total year ended 31 March 2005 £	Total year ended 31 March 2004 £
Balance at 1 April 2004	1	(421,289)	(421,288)	(285,282)
Loss for the year	-	(58,777)	(58,777)	(136,006)
Balance at 31 March 2005	<u>1</u>	<u>(480,066)</u>	<u>(480,065)</u>	<u>(421,288)</u>

9 Commitments

The company is required to contribute €61,473 in the year to 31 December 2005 (2004 - €187,377) to the EESP.

10 Related parties

During the year or in the prior year there were no material transactions or amounts owed or arising with any of the directors or members of their close family.

11 Parent undertaking

The company's ultimate parent undertaking and controlling party is NATS Holdings Limited a private company incorporated in Great Britain and registered in England and Wales.

The largest and smallest group into which the accounts of the company are consolidated is that of NATS Holdings Limited. The consolidated accounts of NATS Holdings Limited can be obtained from the company's secretary, at its registered office, 5th Floor South, Brettenham House, Lancaster Place, London WC2E 7EN